

VZCZCXRO2044
OO RUEHBC RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #3152/01 2621355
ZNY CCCCC ZZH
O 191355Z SEP 07
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3453
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003152

SIPDIS

SIPDIS

E.O. 12958: DECL: 09/04/2017

TAGS: [PGOV](#) [IZ](#)

SUBJECT: SHIA COR DEPUTIES: DE-BAATH LAW MOVING FORWARD,
HYDROCARBON LAW GOING NOWHERE

REF: A. BAGHDAD 3119 (SADRISTS LEAVE ALLIANCE)

[1](#)B. BAGHDAD 3132 (NO CONFIDENCE VOTE?)

Classified By: Political Counselor Matt Tueller for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: ISCI Deputy Humam Hamudi and Da'wa Deputy Ali al-Adib told us September 18 in separate meetings that the De-Baathification Law is on track for CoR presentation and approval. A CoR source later told us the draft law could reach the CoR Legal Committee as early as September 20, with CoR deliberation to follow. Discussions over the draft hydrocarbon law have stalled and both Hamudi and Adib cast full blame on the Kurds, particularly Masoud Barzani and the KDP. They said they have been unable to overcome KDP insistence on pursuing a regional oil law which would allow the Kurds to get their share of national oil revenues while also enjoying undivided proceeds from oil and gas produced within the Kurdish region. Adib said that President Talibani has played a cooperative role in the discussions and has been enlisted to try to reason with Barzani. As representatives of the leading Shia parties that comprise half of the Group of Four alignment, Hamudi and Adib displayed an utter lack of concern about the recent Sadrists withdrawal from the Shia Alliance and mounting rumor mill rumblings about the possible formation of an opposition bloc. Adib expressed confidence that the Group of Four can still count on 140 members in any vote. End Summary.

Good News, Bad News on Pending Legislation

[1](#)2. (C) Humam Hamudi, Deputy CoR party leader for the Supreme Iraqi Islamic Council (ISCI) and his counterpart from the Da'wa Party, Ali al-Adib, expressed optimism that the draft De-Ba'athification law would soon be presented for CoR deliberation in the coming days. A CoR source later told us the draft bill, known officially as the "Law on Justice and Accountability" could be sent to the CoR Legal Committee as early as September 20, with a first reading to follow. Adib told us the bill went forward after CoR deputy party leaders agreed on several "reasonable" amendments. Hamudi predicted that, God willing, the bill will be passed even though Sunni "hard-liners" will grouse that the bill has not gone far enough to address their concerns while Shia "hard-liners" will argue that the bill offers too many concessions to Sunnis. Adib also said that the Provincial Powers law was likely to move forward and had been placed on the September 20 CoR agenda for further discussion and that the "National Sectarian Balance Law" was also nearing presentation to the CoR. He added that the Petraeus/Crocker report and testimony had "clarified" USG support for the Maliki government and allowed the government to move forward on pending legislation.

[1](#)3. (C) Just as the two deputies were optimistic about De-Baathification law prospects, they were uniformly downbeat on the status of the Hydrocarbons Law and placed full

responsibility for the lack of progress on Masoud Barzani and his Kurdish Democratic Party CoR members. While Hamudi and Adib said the Iraqi constitution states that the country's oil wealth is the undivided property of the Iraqi people and is a tool to unite the country, they complained that the Kurds are asserting ownership rights over reserves found on their land. Adib claimed that the Barzani group has insisted on moving forward with a regional oil law that allows the Kurdistan Regional Government (KRG) to enter into joint production/marketing ventures with foreign oil companies to exploit oil and gas reserves within KRG territory while not sharing any proceeds from such ventures with the GOI. At the same time, Barzani's group demanded that the Kurds receive a full 17 percent share of GOI oil and gas revenues under any new hydrocarbons bill. He said this approach is unacceptable and "provocative" to the Shia and Sunnis alike. Adib vented that Barzani and the KDP have displayed manipulative tactics throughout the draft law negotiating process and seem to have no sense of urgency to reach agreement, believing that time is on their side. He has asked President Talabani, who he said has played a helpful role in finding common ground on the issue, to write to Barzani in an effort to effect compromise. He also asked that the Ambassador weigh in with Barzani on this issue since a new oil law is an important test of success in national reconciliation. .

14. (C) Hamudi framed the dispute in constitutional terms, stating that the Kurdish approach is not in accordance with the Iraqi constitution but rather a faulty interpretation of the constitution. He said that he had even offered to amend the constitution to accommodate the Kurds in a previous draft of the law, but they had refused in order to pursue a regional oil law that contradicts the constitution and sends a message to show other Iraqis that the Kurds have a right to

BAGHDAD 00003152 002 OF 002

change the constitution as they see fit. Hamudi complained that Deputy PM Barham Saleh refused to discuss details of differences regarding the draft law. Both he and Adib said they understood our points that Iraqi oil revenues will remain insufficient to cover national needs without major outside investment in oil and gas infrastructure; that such investment will not be forthcoming in the absence of a strong national Iraqi oil law; and that deals based on regional oil laws will likely attract only third-tier oil companies that will invest as little as possible in Iraq. We stressed repeatedly the need for party leaders such as Hamudi and Adib to engage with other leaders to deal seriously and in a spirit of national interest on legislation that advances national reconciliation. Adib suggested that the Ambassador attend a future senior GOI leadership meeting to further emphasize this point.

Opposition Maneuverings: What, Me Worry?

15. (C) As representatives of the leading Shia parties that comprise half of the Group of Four alignment, Hamudi and Adib seemed remarkably nonchalant when we asked about the recent Sadrism withdrawal from the Shia Alliance (Ref A) and ominous rumblings of a move afoot to form an opposition bloc aimed at toppling or at least threatening to topple Maliki and the Group of Four (ref B). Adib explained that the Sadrists are divided on the issue of alliance withdrawal, noting that some Sadrism CoR members had told him they were not notified in advance of the decision and were already talking about rejoining the alliance. Hamudi said the Sadrism withdrawal will have little impact, and Adib predicted that the Sadrists will not make an alliance with any other party. He also dismissed speculation that the Da'wa Tanzim Party would leave the alliance, claiming that such rumors were started by the media. Adib expressed confidence that the Group of Four can still count on 140 members in any vote, adding that not all CoR members from the Sunni Tawafuq will follow their party leaders. Adib could not resist the temptation to take an unsolicited swipe at Deputy VP Tariq al-Hashemi, complaining

that Hashemi had sent an implicit message to Iraqis that their leaders can't solve the country's problems when he disclosed sensitive details of CoR deliberations and also of his meeting with POTUS in recent media interviews.
BUTENIS